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ABSTRACT

In less than 2 years after the publication of the national report "A Nation at Risk," an overwhelming majority of states adopted many of the educational reform measures advocated in the report. The rapid adoption of the reforms among states with different political cultures, policy traditions, and partisan control raises the question of why these policies so quickly gained such wide support. This paper examines policy adoption in two states, Illinois and Minnesota, from three perspectives: issue mobilization, fiscal, and political. Data were gathered in a case-study analysis of education reforms adopted in Illinois during 1983-85 and in Minnesota between 1983 and 1988. Data-collection methods included document analysis and interviews with past and current legislators and legislative staff, state education agency officials and staff, interest group representatives, union and business representatives, education commission members, and representatives from the governor's staff. Interviews were conducted and documentary information gathered between October 1992 and July 1994. A conclusion is that the two states have very different political traditions and cultures, but are following the same trajectory in terms of educational policy. One difference, however, is that Minnesota is a policy innovator, while Illinois tends to follow the policy examples of other states. A second finding is that the 1980s saw business interest groups take a more active role in educational policy formation, while traditional education interest groups were marginalized. Finally, an interventionist planning state designed to promote the welfare of citizens is being challenged by market-oriented approaches. Two figures and one table are included. (LMI)

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Politics of Educational Excellence: Reform in Illinois and Minnesota in the 1980s

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In less than two years after the publication of the national report, *A Nation at Risk*,[1] an overwhelming majority of states adopted many of the educational reform measures advocated in this report. The National Commission on Excellence in Education, for example, reported that by the end of 1983, 44 states had enacted some kind of reform legislation.[2] By the 1984-85 school year, 41 states had raised course work standards for high school graduates, 22 states had implemented or expanded their minimum competency testing programs, and many states had begun to test entering teachers.[3] Historically, policies without specific federal fiscal incentives or sanctions diffuse throughout the states very slowly.[4]

The rapid adoption of these reforms among states with different political cultures, policy traditions, and partisan control raises the question of why these policies so quickly gained such wide spread support. To answer this question, this paper examines policy adoption in two states, Illinois and Minnesota, from three perspectives: issue mobilization,[5] fiscal,[6] and political. First, I examine how issues are mobilized and public support is generated. The national debate, as articulated

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[1]National Commission on Excellence in Education. *A Nation at Risk: The Imperative for Educational Reform.* Washington, DC: US Government Printing Office, 1983.

[2]National Commission on Excellence in Education. *Meeting the Challenge: Recent Efforts to Improve Education Across the Nation,* November 15, 1983.

[3]Margaret E. Goertz. *State Educational Standards in the 50 States: An Update.* Princeton, N.J.: Educational Testing Service, March 1988.

[4]Susan Welsh & Kay Thompson. "The impact of federal incentives on state policy innovation," *American Journal of Political Science* 24, no. 4 (November 1980): 715-729; Virginia Gray. "Innovation in the States: A Diffusion Study," *American Political Science Review* 67, no. 4 (December 1973): 1174-1185.

[5]E.E. Schattschneider, *The Semisovereign People: A Realist's View of Democracy in America.* Fort Worth: Harcourt Brace Jovanovich College Publishers, 1975.

[6]Paul E. Peterson, *City Limits.* Chicago: The University of Chicago Press, 1981.

by publications such as the *Risk* report and the ascendancy of federal leadership in education under the Reagan administration, organized a set of issues and supporting interests around a perspective that appealed to citizen preferences. The national debate mobilized issues quickly and generated public support. Second, changes in fiscal capacity is likely to account for policy similarities between states regardless of political diversity or institutional differences. During a period of fiscal retrenchment, such as that experienced by the states in the early 1980s, the reforms advocated in *Risk* offered the states a set of reforms perceived as low in cost and providing wide benefits. The third perspective considers policy to be driven by interest and that participation in decision making is stimulated by various interests or coalitions. In this case, I analyze how the disintegration of the coalition that supported educational equity in the 1970s meant there was little or weak opposition to these reforms. Instead, the reforms appealed to business interests increasingly concerned with state fiscal issues and accountability.

Methodology and Data Collection

To better understand state variation in response to the national educational movement and the reform's timing and content within a particular state context, this paper examines the reform process in Illinois and Minnesota. A case study analysis was used and education reforms adopted by Illinois between 1983 and 1985 and in Minnesota from 1983 to 1988 were examined. Semi-structured interviews were conducted in both states with past and current

legislators, legislative aides and staff, the Illinois State Board of Education and Minnesota Department of Education officials and staff, interest group representatives, union and business representatives, education commission members, and representatives from the governors' office. Documentary information was gathered from the Illinois State Board of Education and the Minnesota Department of Education, interest groups and unions, business organizations, newspaper accounts, the governors' office and supplemented with archival research. Interviews were conducted and documentary information gathered between October 1992 and July 1994.

These two states were chosen for their contrasting political systems, socioeconomic characteristics, and policy traditions. The population in Minnesota is 94% (1986) white compared to Illinois where minorities comprise 30% (1986) of the population. Education in Minnesota ranks high in comparisons with other states and residents are generally satisfied with the quality of education. Politically, the state is progressive and has a civic tradition of cooperative action between business elites, community groups and political leaders. The state is often an innovator in policy and has a tradition of generous social welfare policies. Illinois, on the other hand, has an "individualist" political culture[7] that puts individual interests and the pursuit of private ends at its core. Although Illinois ranks high in state comparisons of individual wealth, it ranks near the bottom (forty-

[7]Daniel J. Elazar, *American Federalism: A View from the States*, 2nd ed. New York: Thomas Y. Crowell, 1960, defines Minnesota as having a "moralist" political culture and Illinois as having an "individualist" political culture.

fourth) on education spending. Politics in Illinois is dominated by constituency and jurisdictional contention between Chicago, the suburbs and the downstate region. Illinois is rarely considered an innovator in policy, rather, it is characterized as a "late responder," tending instead to follow trends evident elsewhere.

Educational Policies Adopted

In 1983, Illinois passed legislation to raise graduation and admission requirements to college. Additionally, in June 1983, the Illinois legislature passed a joint resolution that established a special task force--the Illinois Commission on the Improvement of Elementary and Secondary Education.[8] The resolution established this time-limited commission to examine the status of education in Illinois, conduct public hearings throughout the state, and offer recommendations for the improvement of elementary and secondary education. The Commission began work in August 1983 and ended with a final report, *Excellence in the Making*, released in January 1985.[9] A package of educational reform bills was subsequently enacted by the legislature and signed into law by Governor Thompson.[10] This education package included a number of reform initiatives to increase accountability, including such things as a statewide school "report card" and a teachers' "bar exam." Finally, the Illinois legislature passed the Chicago School Reform Act (P.L. 85-1418) in 1988 which decentralized decision making within that system. While this was a significant

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[8]Senate Resolution No. 61, offered by Senator Rock, President of the Senate and Senators Philip, Carroll and Collins, June 30, 1983.
[9]Illinois Commission on the Improvement of Elementary and Secondary Education, *Excellence in the Making*, 1985.
[10]Senate Bill 730 and House Bill 1070 were combined into the Education Package of 1985.

piece of legislation and has received considerable attention, it is not covered in this paper.

In contrast to Illinois, Minnesota adopted a variety of reform measures throughout the 1980s. These fall essentially into three categories: standards and accountability; technology and school effectiveness; and school choice. In the 1983 and 1984 legislative sessions, increased accountability measures were enacted and a number of amendments were passed throughout the 1980s that addressed state core curriculum requirements, instituted a statewide assessment program, required school districts to adopt learner outcomes of basic skills and assess student achievement of these outcomes, and the development of a program to insure basic skills learning. The state also adopted a basic skills examination required for all prospective teachers as well as for teachers seeking initial teaching licenses. In 1983, the legislature passed the Technology and Educational Improvement Act that promoted the use of technology for instructional purposes and the Minnesota Educational Effectiveness Program to promote school improvement advocated by the Effective Schools Movement. To promote academic excellence, the state instituted a public-private partnership in 1983 to promote academic excellence and established a special school for the arts in 1985. In 1985 the education agenda shifted to educational choice, specifically, open enrollment and a post-secondary options program. The open enrollment initiative allowed students to enroll in a district in which the student was not a resident, and the post-secondary options program permitted high school students to attend post-

secondary institutions. The post-secondary options program was passed in the 1985 legislative session, a voluntary enrollment options program was adopted in 1987, and mandatory open enrollment was passed in 1989. Finally, Minnesota adopted Charter School legislation in 1991, a reform not covered here.

The National Movement and Local Response: Issue Mobilization and Public Support

Issue Mobilization

National influences, such as the *A Nation at Risk* report and the policy preferences and new federalism of the Reagan administration, mobilized latent public sentiment about jobs and education.[11] While prior efforts to reform the schools along the lines of increasing quality and accountability were diffused and lacked broad based support, this was no longer the case following the release of *Risk*. Both Minnesota and Illinois now had a powerful new argument--that of a changing international economic environment--to use in pushing the claims of reformers and politicians for more accountability.

The Reagan administration's invocation of education as an issue of national concern helped mobilize support for school reform. The *Risk* report was used to underscore the point that in a competitive world economy, the health of the country, its people and its economy, could be no better than the health of the schools. The logic of the report was straight forward and appealing: poor performance of the schools threatened the quality

[11]See Richard K. Jung, "The Federal Role in Elementary and Secondary Education: Mapping a Shifting Terrain in Norman J. Boyan, ed. *Handbook of Research on Educational Administration,* New York: Longman, 1988 for analysis of the ascendancy of the bully pulpit role under the Reagan Administration.

of life expected by most Americans. This logic struck a responsive chord among both business elites and the electorate concerned with the recent recession and the uncertainties of a changing global economy. Greater accountability and higher standards became a rallying cry for these broad constituencies hoping that education reform could relieve pressures related to inflation, unemployment, stagnate and falling wages, and poor global competitiveness.

In the following section, I examine how the national movement shaped the debate in each state. In Illinois, the national debate mobilized the legislature to initiate action to reform education and provided policymakers with a set of issues that could be used to manage the competing factions characteristic of Illinois politics. In Minnesota, policymakers accepted the analysis the *Risk* report was premised on and adopted this view to raise questions about the adequacy of education in Minnesota. In both states, the debate generated broad based public support.

Illinois: The response to the national debate in Illinois was straight forward: "In the early 1980s, there was a national cry about the quality of education. Illinois wanted to join it so they could say, we've done it. That was their motive for action."[12] In part, this reflects the characterization of Illinois as a "late responder" when it comes to innovation in policy. Illinois is rarely in the forefront of legislative innovation and instead follows waves in policy development as they are initiated and implemented in other states. But more importantly, the

[12]Informant Interview, 4-19-94.

national educational movement focused the debate around a set of clearly defined issues and provided state lawmakers with a set of policy alternatives. In the words of one respondent, "There was no movement for education reform in Illinois before *Risk*. *Risk* was the impetus for the beginning of real discussion on ways to reform education."[13]

The Illinois General Assembly responded to the *Risk* report by passing legislation in 1983 to raise graduation and admission requirements to college,[14] the first amendment to the Illinois School Code (Chapter 122, Section 27-22) regarding graduation requirements since 1961. The amendments followed a study by the Illinois State Board of Education (ISBE) prepared in response to concerns regarding declining achievement of high school graduates and the proposed state legislation to increase graduation requirements.[15] Differing with legislative concerns, the study concluded that "the quantity of graduation requirements appear to have no discernible effect on achievement other than a slight negative tendency for math test scores to decline as requirements increase" and that "an increase in graduation requirements through requiring additional courses will prove to be of limited value."[16] Instead of raising graduation requirements, the state board recommended an outcome-based approach, specifying what is expected

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[13]Informant Interview, 4-15-94.

[14]Senate Bill 0669 and House Bill 1179.

[15]This study found, for example, that average SAT scores of Illinois students were higher than the national average and that between 1969 and 1982 they had declined less than the national decline (less than 1.0% in math compared with a national decline of 5.27% and 5.5% in reading compared to 7.99% national decline).

[16]Louis Ferratier & Edith Helmich, *An Analysis of Illinois High School Graduation Requirements*. Springfield: Illinois State Board of Education, June 15, 1983, p. 25.

of students in terms of performance, knowledge, and skills. Nonetheless, the General Assembly passed legislation to raise graduation requirements and the state board recommendation did not gain political support until much later.

At about the same time (June 1983), the General Assembly passed a joint resolution that established a special task force--the Illinois Commission on the Improvement of Elementary and Secondary Education (hereafter referred to as the Commission). The resolution alleged educational decline in Illinois as "evidenced by the fact that the average score on the ACT test, taken by about two-thirds of the State's graduating seniors each year, declined from 20.7 in 1969-70 to 18.6 in 1981-82, more than the drop in the national average from 19.9 to 18.4 during the same period."[17] The stated purpose of the Commission was to examine the status of education in Illinois, conduct public hearings throughout the state, and offer recommendations for the improvement of elementary and secondary education.

However, the legislature viewed the Commission as a political expedient allowing policymakers time to develop a reform proposal and respond to the national reports. According to Robert Leininger, the ISBE Governmental Liaison at the time:

"Now the Commission was nothing more initially than a knee jerk reaction to the Nation at Risk. We (ISBE) wrote the . . .

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[17]Senate Resolution No. 61. The Illinois State Board of Education report, *An Analysis of Illinois High School Graduation Requirements*, also found that ACT test scores were declining. Average SAT scores, on the other hand, were higher than the national average and declined less than the national decline between 1969 and 1982 (less than 1.9% in math compared with a national decline of 5.27% and 5.5% in reading compared to 7.99% national decline). These differences were attributed to the percent of students who take each test: 14% of students take the SAT while 67% of all Illinois students took the ACT in the 1981-82 school year.

resolution. This was a way to stave off, to give us some time to get our act together because they (were) expecting something that we (did not have). If you will go back and check the history of the resolution that created the Commission, it wasn't even heard of until the next to the last day of the session. I got to the corner (on the way to the capitol) and (former) Superintendent Gill handed me the resolution. I turned around and came right back because they had left out a representative from the School Problems Commission. We took it back and changed it and it passed 24 hours later. That was an effort of buying time."[18]

The national political climate not only set in motion a process to initiate reform legislation, it also created a climate where "it became OK for people other than educators to ask substantive questions about education."[19] Previously, education policymaking was initiated in the House and Senate education committees where the committee chairs--Senator Art Berman (D) of Chicago, and Representative Gene Hoffman (R) from the Chicago suburb of Elmhurst--held considerable power. However, in 1985, instead of going through these committees, a large number of education bills were introduced directly in the General Assembly. Some participants place the number of bills as high as 450.[20] The Illinois State Board of Education chronicled 79 House Bills and 72 Senate bills in addition to the education reform package (Senate Bill 730) that were passed by the House and Senate in the 1985 legislative session.[21] This was a considerable departure from the past where the House and Senate committee chairs carefully controlled legislation that reached the floor.

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[18]Quoted from Stafford Hood & Larry Parker. *Preliminary Considerations of Illinois Education Reform Legislation: Teacher Competency Testing.* Paper presented at the Annual Meeting of the American Association of Colleges for Teacher Education. Chicago, IL, February 28, 1986, p. 9.
[19]Informant Interview, 4-11-94.
[20]Illinois Education Association, *Education Reforms of 1985,* memorandum, 1985.
[21]Illinois State Board of Education. *Education and Related Legislation: 1985 Legislative Session.*

To pass any major legislative bill in Illinois, there must be consensus among the many competing factions that characterize Illinois politics. The usual factions in education politics are based on regionalism, support or opposition for organized interest groups, particularly unions, and the degree of support for private versus public education, as indicated by support for busing for private school children. Other cleavages arise in education when addressing funding and equity issues and considering district reorganization. There is strong opposition across the state, for example, for consolidating small districts. Funding and equity conflicts revolve around regional splits, with suburban districts opposed to funding issues seen to benefit Chicago or those considered redistributive. Suburban districts tend to favor categorical programs over increases in the funding formula because with the former, they tend to receive more state aid, whereas with the latter, they contribute more than they receive.

The 1980s national debate offered policymakers a new set of issues that could be used to develop a consensus among the competing interests. The bargaining leverage provided by the 1985 debate meant that many issues that had languished before the legislature for years, such as pre-school programs, private school transportation reimbursement, and school district consolidation, were now passed. According to one gubernatorial aide, "The content of the education package in 1985 was a question of how to create the strongest reform bill that would address major education issues and also have the capacity to pass the legislature and be a source of compromise that would permit it to

pass." The Commission, for example, avoided controversy by excluding reform of the funding formula from the agenda. To gain Republican support for tax increases, the final funding provisions included an emphasis on categorical funding that would benefit suburban districts. A package of reading and special education grant programs that would benefit the suburbs was included in exchange for reimbursement of transportation costs for private school parents and as an inducement for Republican lawmakers to support the tax increases.

The education policymaking process in the mid-1980s extended beyond the traditional confines of union/management negotiations, an arrangement preferred by teacher organizations. This facilitated passage of the 1985 reform package and allowed Illinois to move against very powerful unions, who preferred the more limited of union/management negotiations.

Minnesota: Education reform in Minnesota is rarely linked to the national politics of education. Indeed, the overwhelming perception of policymaking within the state is one of a state that seeks innovative policy solutions specifically designed to solve local problems. In the 1980s, Minnesota is considered to have departed from the national movement since the state did not enact many of the *Risk* policy prescriptions.[22] The educational choice plan, one of the major initiatives in Minnesota in 1985, was considered a "homegrown" issue and not an extension of the Reagan

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[22]Tim L. Mazzoni, "State Policy Making and Public School Choice in Minnesota, from Confrontation to Compromise," *Peabody Journal of Education*, 1986, p. 45-67; Grey W. Pinney, *Excellence' Push Hasn't Changed State's Schools.* Minneapolis Star & Tribune, 4-13-84.

education platform.[23] Certainly, Minnesota didn't settle entirely on the *Risk* agenda, however, there was clearly no resistance to the basis analysis presented in this report. The view expressed in the national reports provided policymakers a strong argument to question the adequacy of education in Minnesota.

Prior to 1983, there was no great demand for education reform. Student achievement ranked high in state comparisons and public satisfaction with the quality of the public schools was generally favorable. A mid-1984 survey published by the Center for Urban and Regional Affairs (CURA) at the University of Minnesota reported that seventy-nine percent of a statewide sample rated Minnesota's public schools favorably--23.8% rated the schools as "excellent' and 55.2% rated them as "good" whereas 16.5% rated them "fair and 4.4% "poor."[24] Graduation rates, test scores, per pupil expenditures and teacher salaries were among the highest in the nation. The state compared favorable or exceeded the standards of other states on commonly used measures of achievement. For example, in 1982-83, Minnesota ranked 11th on verbal SAT scores and 7th on mathematics SAT scores.[25] The high school graduation rate was 85.2% in 1980 compared to the national average of 74.4%.[26]

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[23]Tim L. Mazzoni, *The Public School Choice Issue in State Educational Politics: A Case Study of Legislative Controversy in Minnesota.* Prepared for the Annual Research Conference of the Association for Public Policy Analysis and Management, October 31, 1986.

[24]William J. Craig & Shane Pederson, *Minnesota Citizen Attitudes Towards Public Education.* Minneapolis: Center for Urban and Regional Affairs, 1985.

[25]The College Board, *Number of SAT Candidates with Verbal and Math Mean Scores and Standard Deviation for Each State from 1971-72 through 1982-83,* New York: College Entrance Examination Board, 1983.

[26]Minnesota Department of Education, *Information on Minnesota School Dropouts, 1981-82.* St. Paul: March 1983.

Despite these consistent successes, questions about the quality of Minnesota schools arose following the publication of *A Nation at Risk*. Former attitudes expressing satisfaction with the system were now viewed as complacency. Former Minnesota Governor Al Quie was quoted as saying, "We've been able to rest on our laurels, but I think it's going to catch up with us. We're not going to be in the favored position."[27] After *Risk*, many who were formerly satisfied with the education system framed the issue more cautiously, asking if the system was really as good as most believed, and how it might be improved in order to insure a prosperous economic future and well-trained work force.

Key political figures made public statements expressing alarm about the quality of education in Minnesota. Governor Rudy Perpich (DFL) linked education with the future prosperity of the state in his 1984 State of the State message:

"Education is the flagship of our future. . . We must view education in global terms. . . with particular emphasis on mathematics, science, languages and technology. We must encourage the work of our gifted and talented young people. And we must support our colleges and universities in their efforts to expand partnerships with business and industry."[28]

Ruth Randall, then Commissioner of Education, expressed a similar sentiment in her state of the state address on education.

"It would be easy to say Minnesota is not a state at risk, that the problems plaguing others are not problems here.

"But we dare not take the easy way out, and ignore this opportunity to use public interest in our schools to the advantage of the people of this state. Whether we are giving Minnesota learners the chance for a high-tech education in a high-tech world, whether those young people will be able to contribute to

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[27]Grey W. Pinney, *Excellence push hasn't changed state's schools.* Minneapolis Starr & Tribune, 4-23-84.
[28]Governor Rudy Perpich, *1984 State of the State Address*, January 10, 1984, p.18.

business and industry that is rapidly changing, and whether they will be able to afford quality education for THEIR children, all hinge on what we are doing -- or not doing -- in our K-12 schools and post-secondary institutions.

"We are entering a new era very rapidly. A new workforce is being created for the Information Age. We must think and act differently about education to meet the needs of the new technological industries."[29]

To address these problems, various reform proposals were advanced. Perpich developed a plan based on accountability and school choice called "Access to Excellence" that became the centerpiece of the education debate in Minnesota in 1985. Commissioner Randall used the debate as an opportunity to promote outcome based education. She was less successful in promoting her own agenda, however, and ended up supporting the Governor's plan. The Citizens' League,[30] an advocate of structural reform of the school system since the 1970s, now had a more favorable political climate to promote its policies.

Public Support Generated by the National Debate

"*Risk* was an important component in mobilizing public support for reform by raising the public's consciousness and willingness to articulate education concerns generated by the report."[31] Public forums, held in both Minnesota and Illinois, gave the public an opportunity to participate in the debate on education and express their concerns about education, jobs, and the economy.

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[29]Ruth E. Randall, *A Follow-up to Governor Rudy Perpich's 1984 State of the State Message*, February 24, 1984.

[30]The Citizens League is a private, nonprofit education organization supported by membership from individuals, businesses, foundations and other organizations from the St. Paul/Minneapolis metropolitan area. Membership is primarily upper middle class with approximately 3000 individual members and 300 corporate members.

[31]Informant Interview, 4-11-94.

Equally importantly perhaps, is the support such debates provided to policymakers when it came to advancing policy proposals.

In September 1983, for example, the Minnesota Department of Education created the Minnesota Dialogue on Education, a forum to provide citizens an opportunity to communicate their thoughts about the future of public education, and to make these ideas available to policymakers. According to the Minnesota Department of Education, the forum grew out of "the belief that many recent national studies have focused the nation's attention on public education, that public schools are now faced with unprecedented changes in preparing students for the future, and that citizen input is crucial for determining the direction of those changes and for broadening the base of support for our public schools."[32] The Dialogue centered around a series of town meetings held during February 13-17, 1984 where each school district was invited to initiate a town meeting in its community. Discussion and debate were structured around concerns raised in the *Risk* report. As part of this process, a survey was administrated to students, parents and teachers, discussion of education issues was encouraged in the media (a publicity campaign was implemented), and a "dialogue hot-line" was provided for public comment.

Public participation in this dialogue is one measure of public support for educational reform. Of the 435 school districts in Minnesota, 274 districts hosted town meetings that were attended by approximately 14,900 persons. Survey questionnaires were completed by 173,000 students and other

[32]Minnesota Department of Education, IRIC, *Minnesota Dialogue on Education: Report*. Minneapolis: Minnesota Department of Education, 1984, p. 8.

constituencies. Participation in the dialogue, through town meeting participation, student participation, and survey completion included 388 districts, or 89% of the school districts in Minnesota had citizens who participated in some manner.[33] Topics rated as high priority topics by participants included basic skills learning, problem solving and thinking skills, career preparation, and fulfilling individual learning potential.

Illinois also held public hearings throughout the state to gauge citizen support for education reform. These were initiated by the Illinois Commission on the Improvement of Elementary and Secondary Education (Commission) in response to a resolution passed by the legislature. The Commission held fourteen hearings between October 1983 and October 1984 that were attended by 350 individuals representing either themselves or other organizations. The creation of the Commission and the public hearings set in motion a process which enabled various state interest groups to form a consensus around an education policy package likely to gain bipartisan support. In addition, public exposure and the public information gathered in the hearings strengthened the Commission's bargaining position with the General Assembly when the final education reform package was debated. Citizen input provided support for particular issues supported by the Commission and the ISBE. For example, the Commission supported an initiative that would identify the primary purposes of schooling and used testimony from the hearings to support its position: "A dominant theme of those who testified was the lack of a clearly defined

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[33]Data source: Minnesota Department of Education, *Minnesota Dialogue on Education Report*, St. Paul: Minnesota Department of Education, April, 1984.

State role in relation to the various educational systems, especially local school districts."[34]

Fiscal Retrenchment

The *Nation at Risk* policy prescriptions provided lawmakers a set of initiatives perceived as low cost and providing wide benefits at a time of fiscal retrenchment. Reductions in federal allocations to the states, competing demands from a variety of social services, and declining state support for education meant support for redistributive policies eroded while developmental polices, such as those advocated in *Risk*, had broad appeal.

Cutbacks in federal domestic spending begun during the Carter administration, accelerated during the Reagan term. Federal aid to state and local governments peaked in 1978 and thereafter, federal grants-in-aid for entitlement programs (e.g., AFDC and Medicaid) did not keep pace with inflation.[35] The Omnibus Budget Reconciliation Act of 1981 made major cuts in existing federal grants to states and localities. In fiscal 1982, federal grant outlays were cut by $6.6 billion compared to the previous year, a seven percent reduction in nominal terms and 13 percent in real terms.[36] The largest outlay reductions came in education, training, employment, and social services, totaling 23 percent ($4.9 billion) compared to spending in fiscal 1981.[37] In addition,

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[34]Illinois Commission on the Improvement of Elementary and Secondary Education, *Excellence in the Making*, Springfield: author, January 1985, p.13.
[35]Richard P. Nathan and Fred C. Doolittle, eds. *Reagan and the States*. Princeton, NJ: Princeton University Press, 1987, 50-51.
[36]Richard P. Nathan & John R. Lago, "Intergovernmental Relations in the Reagan Era," *Public Budgeting and Finance*, Autumn 1988, p. 17.
[37]Ibid.

a large number of categorical aid programs were consolidated into block grants and the level of funding was reduced significantly.

Also, in 1981 there was a recession that reduced state revenues. The budget for Illinois state government declined for two consecutive years, falling from $14.69 billion in fiscal 1981 to $14.34 billion in fiscal 1982 (a 2.4 percent decrease over the prior year) and $14.17 billion in fiscal 1983 (a 1.2 percent decrease).[38] By 1981, Minnesota was facing severe revenue shortfalls that resulted from the combined effect of recession, inflation, and tax cuts enacted in 1978. Budget cuts were enacted in both the 1981 and 1982 legislative sessions to balance the budget.

There were other financial trends as well. The fiscal effort for education declined from the early 1970s to the 1980s (figure 1) while the overall fiscal effort remained fairly stable (figure 2). Figure 1 shows that the fiscal effort for education as a percent of personal income declined from 7.1% in 1972 to 5.2% in 1984 in Minnesota and from 4.6% in 1972 to 3.7% in 1984 in Illinois. Fiscal effort for total state expenditures as a percent of personal income, on the other hand, was 13.9% in 1972 and 14.4% in 1984 in Minnesota and 9.5% in 1972 and 9.22% in 1984 in Illinois. In other words, the amount of tax dollars the state was willing to pay for education in relation to its fiscal capacity was declining even though tax effort remained the same and absolute expenditures for education increased. For instance, percent of state support for elementary and secondary education

[38]Illinois State Budget, Fiscal Year 1983.

relative to both local and federal expenditures increased from 54.2% in 1971-72 to 71.1% in 1980-81 in Minnesota,[39] and from 38.1% in 1974 to 42.3% in 1980 in Illinois.[40]

At the same time, education increasingly had to compete with other social programs for funding. Table 1 shows the percent of state expenditures for education, public welfare and health between 1968 and 1988. Expenditures for education as a percent of total state expenditures declined, from 40% in 1968 to 33% in 1984 in Illinois and from 42% in 1968 to 37% in 1984 in Minnesota. Expenditures for social programs, particularly public welfare, increased during the same period. The level of spending required for social programs, many of which are determined by criteria that is rigid and not easily changed, such as levels of unemployment or the number of eligible citizens, meant that education received a declining proportion of state revenues.

When resources are tight, redistributive demands encounter greater opposition.[41] Developmental policies, on the other hand, are perceived as more acceptable because they distribute benefits roughly according to the amount paid into the system. Indeed, new expenditures for education in both states went to developmental programs. For example, in the 1985-86 school year, Illinois appropriated about $114 million in new state funds for education. The primary initiatives were $23.5 million for summer schools for gifted students, $12.1 million for preschool programs, $38 million

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[39]Minnesota Department of Education. *The ABC's of Minnesota School Finance: Paying for the Public Schools in 1987-88 and 1988-89*, 198?.
[40]Illinois State Board of Education, *State, Local and Federal Financing for Illinois Public Schools, 1992-93.* Springfield: ISBE, March 1993.
[41]Paul E. Peterson, *City Limits.* Chicago: The University of Chicago Press, 1981.

for a K-6 reading improvement program, and $20 million for improvement of instruction in mathematics and science.[42] Minnesota appropriated $6.5 million in 1983 for new technology and educational effectiveness programs. This followed a period of retrenchment. In Minnesota where appropriations for the funding formula, the primary tool to insure equity between districts, were cut because of a huge budget deficit. Efforts to restore the funding formula to previous levels failed.

Political Considerations: Property tax protest and the reassertion of business influence

Erosion of Support for Equity Stemming from Property Tax Protest

Support for the excellence reforms arose in part from the erosion of support for continued government spending on social programs that was part of the taxpayers revolt in the 1970s.[43] To meet the growth in demand for government services throughout the 1970s--the expansion of health, education, welfare, and pension programs--tax revenues were increased. Illinois enacted its first income tax in 1969 and Minnesota expanded the state income tax throughout the 1970s to finance this expansion of government services. The Illinois income tax made an increase in state spending for education possible in 1973 when the legislature passed a bill that sought to equalize educational expenditures among districts. Minnesota increased state income taxes and shifted the burden of education spending from localities to the

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[42]Illinois State Board of Education, 1985, 1986, *State, local and federal financing for Illinois public schools.* Springfield: Illinois State Board of Education.

[43]See David O. Sears & Jack Citrin, *Tax Revolt: Something for Nothing in California,* Cambridge, Massachusetts: Harvard University Press,, 1985.

state. Support for fiscal expansion began to erode, however, as taxpayers encountered increasing property tax burdens and business mobilized to demand tax relief and increased accountability.

Illinois: Illinois passed a school finance reform bill in 1973, known as the resource equalizer formula, in an attempt to address the inequities in school funding.[44] This bill was supported by a coalition of educators, suburban, rural and Chicago interests and was promoted as a way to achieve greater equity in financing education. It did little, however, to redistribute state funds for education.[45] The proportion of state aid going to districts did not change a great deal.[46] Instead, the primary beneficiaries were central cities who gained from the weightings for Title I eligible students and suburban communities who benefited from the "reward for effort," or equal expenditure for equal effort, provision.[47] Rural communities, on the other hand, continued to receive the least assistance.[48] Rural districts were put at a further disadvantage as inflation in the 1970s drove up the property value of farm land, and when, in 1977, Illinois farm land assessment was changed from a "market value" approach to a

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[44]This was facilitated by the passage of the state income tax in 1969 which made a formula change possible by providing new revenue generated from the income tax.

[45]Suzanne W. Langston, *Illinois Politics of Education: A Case Study of Symbolism and Bargaining.* Ph.D. Dissertation, University of Chicago, June 1979; G. Alan Hickrod, Ben C. Hubbard, Thomas Wei-Chi Yang, *The 1973 Reform of the Illinois General Purpose Educational Grant-in-aid: A Description and an Evaluation.* Normal, IL: Illinois State University, 1975.

[46]Langston, p. 64.

[47]Reward for effort requires the state to pay a certain percentage of a local district's expenditures based on the ratio of the property value per pupil to the state average property value per pupil.

[48]See G. Alan Hickrod, Ben C. Hubbard, Thomas Wei-Chi Yang, *The 1973 Reform of the Illinois General Purpose Educational Grant-in-aid: A Description and an Evaluation.* Normal, IL: Illinois State University, 1975 fro an analysis of the Resource Equalizer Formula.

"use value" approach, which tied taxes to productivity. This was followed by the collapse of farm prices on the world market, thus increasing rural dependence on state resources. The combined effect of higher property valuations, inflation, and declining farm prices meant the benefit of using property valuation per pupil as a measure of wealth further eroded the rural share of state aid.

Likewise, increasing property values in the suburban communities made the formula less attractive to suburban residents since a raise in property values would require an increase in local taxes to maintain the same amount of state aid. By 1980, the conflict between the desire for property tax relief and the stimulation effect[49] in the formula could no longer be reconciled by the General Assembly. Political pressures to contain property tax increases, and the concern by proponents of equity goals that the formula was not meeting their expectations, led to the repeal of the "reward for effort" provision.[50] The formula was further weakened in 1981 and 1982 when the poverty factor was reduced. State share of school revenues peaked in 1976-77, and the previous upward trend in state share of educational funding reversed itself by the early 1980s.

Once the political support for equity funding was gone, further attempts to revise the funding formula received little

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[49]The resource equalizer formula provided an incentive for localities to raise their local taxes to realize greater state aid. The "reward for effort" provision rewards localities for levying higher tax rates since the higher the tax rate used in the formula, the higher the state grant would be.

[50]G. Alan Hickrod, Karnes, Wallis & others. *A Brief History of K-12 Finance in Illinois, or, 162 Years in Search of the Perfect Formula.* Normal, IL: Illinois State University, 1987.

support. The ISBE introduced a proposal to reform the general grant-in-aid system, known as the Resource Cost Model (RCM) in the legislature in 1984. Under this model, the funding system would be based on the notion of "adequacy" where an expected level of support can be determined for each district in the state. This was withdrawn in 1985, due in part to lack of legislative support (the model would have increased State Board control over allocations), but also because of the lack of a constituency supporting further funding changes. By 1985, the policy alternatives provided by the excellence debate had much greater political saliency for legislators. One legislative staff member summed up the alternatives this way:

"School reform and equity are seen as exclusive. You can't have too much on the plate at one time. Equity is very complicated and the general public doesn't understand either the problem or the solution. It also affects the taxing system. The public supports school reform which is programmatic. Offering new or different programs is easy for the public to understand and conceptualize."[51]

Consequently, substantial issues of school reform that came before the legislature increasingly were defined by public opinion and the public and political response to *A Nation at Risk* and had less to do with school finance.

Minnesota: In Minnesota, political support for equalized funding also eroded as income taxes continued to rise and business lobbied for tax changes to stimulate the economy. The 1971 Omnibus Tax Act, popularly known as the Minnesota Miracle, altered tax and school finance laws to increase the state's share of education financing and to redress funding inequities between districts. This legislation shifted responsibility from a

[51]Informant Interview, 4-29-93.

reliance on local property taxes to fund public schools to an increasing reliance on state-appropriated aids funded through state revenue sources, primarily the income tax. The Minnesota Miracle was sponsored by Governor Wendell Anderson (DFL) and supported by conservative leaders. It represented a bipartisan consensus that the function of the budget was to provide adequate funding for state services and a commitment to equalize tax burdens through state transfer of revenues to local governments and school districts.[52] The reform reduced reliance on local property and sales taxes, replacing them with increases in the income tax. For the next ten years this consensus governed legislative politics and tied program changes to fiscal considerations.

This consensus began to unravel, however, as political pressure increased, especially from business interests, to reduce corporate and personal income taxes. Following a period of economic expansion during the 1970s, there was a major tax cut in 1979-1980. This was initiated by Governor Quie (IR) and other Republicans and supported by some Democrats to improve the Minnesota business climate through the application of theories of supply side economics.[53] It represented an alternative view of the function of the state budget; once seen as a support for state services, the budget was now a mechanism to improve Minnesota's business climate.

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[52]Royce Hanson, *Tribune of the People.* Minneapolis: University of Minnesota Press, 1989, p. 203.
[53]Hanson, p. 170-171.

By 1981-82, the state was in the midst of a severe recession. The combination of earlier tax cuts followed by recession left a $1.813 billion gap between revenues and appropriations for state programs. During six special sessions of the legislature in the last two years of Quie's administration (1981 and 1982), a package of tax increases, spending cuts and payments shifts were enacted, resulting in a reduction of state appropriations to the schools. School aid payments were delayed in fiscal year 1981 and significantly cut in 1982. This accelerated the trend back to local revenue responsibility for education and decreased appropriations for foundation aid (the mechanism used to equalize funding between districts) to districts for the first time in a decade.[54] In 1982-83, the percent of state aid fell to 45.1% from 71.7% in 1981-82, the lowest level in a decade.[55]

With the erosion of political support for equalized funding, state support for the restoration of education funding levels also eroded. In 1983, despite strong lobbying from education groups, the legislature did not restore funding to the foundation formula. Instead, substantial funding was appropriated for a number of new programs. This legislative action departed from the incremental approach the legislature had typically taken when revising education law. New ideas were introduced by the legislature that were unrelated to past legislative effort. Additionally, there

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[54]Thomas A. Peek & Douglas S. Wilson. *Economic Conditions and Changing Government Policies.* CURA, January 1983, p. 39.
[55]Minnesota Department of Education, *The ABC's of Minnesota School Finance: Paying for the Public Schools in 1987-88 and 1988-89.* Minneapolis: Minnesota Department of Education, November 1987.

was a departure from previous legislative initiatives where additional funding was tied to the funding formula.

In 1983, the legislature enacted what is often referred to as "Article 8" reforms, a set of reforms that are grouped together in that section of the omnibus education law. Major new initiatives included the Minnesota Technology Act, the Minnesota Education Effectiveness Program (MEEP), and the Minnesota Academic Excellence Foundation. The Minnesota Technology Act received the largest appropriation of the three programs, $6,000,000 compared with $365,000 for MEEP, and $150,000 for the Minnesota Academic Excellence Foundation. These were initiated by legislative leaders on the House and Senate Education Finance subcommittees, and were developed with assistance from Minnesota Department of Education staff.

The Minnesota Academic Excellence foundation was motivated by business concerns regarding academic excellence and increasing business involvement in education. This idea resulted from discussions between Ken Nelson and 3-M executives that began after the release of *A Nation at Risk*. According to the bill sponsor, this was conceived as a public-private partnership to promote academic excellence and foster competition for academic achievement. Business contributed financial support for the program in exchange for substantial membership on the board of directors. The Minnesota Technology Act, on the other hand, had particular appeal in rural and small school districts. Declining enrollments and the closing of small schools facilitated a concern

with interactive TV to increase the curriculum choices available to small and rural districts.

Business Ascendancy

Illinois: By the late 1970s, business began to organize and take a more active interest in education. This was motivated by a financial crisis in Chicago in 1979, changing economic conditions in Illinois, and the 1985 education movement in Illinois. Following the 1979 financial crisis in Chicago when the Chicago Board of Education failed to meet its financial obligations[56] the business community began to more actively monitor the Chicago schools. In 1981 Chicago United did a study of the management of the school system and made 253 recommendations on how the school system could improve their operations.[57] For two years following this report, Chicago United provided technical assistance to the Chicago Board of Education through advisory task forces from the business and professional communities. In 1984, the Chicago Commercial Club[58] started the Civic Committee to respond to the accelerating loss of manufacturing jobs in Chicago and increasing corporate taxes.[59] It adopted economic development as its mission and considered education vital to maintaining a well-trained workforce. To articulate business concerns in the 1985 education debate, the Illinois Chamber of Commerce formed the Task Force on

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[56]See Continental Illinois National Bank & Trust Company of Chicago, *The 1979 Chicago Board of Education Financial Crisis: A Continental Bank Review,* April 26, 1980 for a full discussion of the events leading to the financial crisis and its resolution.

[57]Chicago United Special Task Force on Education, *The Chicago School System,* 1981.

[58]The Chicago Commercial Club is a 120 year old organization made up of 500 CEOs and institution members in Chicago.

[59]Corporate taxes increased from 5.2% of total appropriated funds revenue in 1977 to 8.3% in 1982.

the Future of Education in Illinois which functioned under the auspices of the Illinois Alliance for Economic Initiatives. This was a statewide coalition whose membership included the Taxpayers' Federation of Illinois, the Illinois Farm Bureau, the Chicago Association of Commerce and Industry, the Civic Federation of Chicago and local Chambers of Commerce. The Task Force focused on the major reform programs before the General Assembly and identified a number of recommendations that, from a business perspective, would improve the state's educational system.[60]

For the most part, however, business demands in 1985 were articulated by Governor Thompson. According to one of his top level aides, the national debate provided the Governor with a tool to answer the demands of business.[61] Thompson's educational program, the *Illinois Better Schools Program,*[62] included proposals for school report cards as a means of increasing school accountability and a reading improvement and adult literacy program to increase student achievement. Also introduced were initiatives to improve the skills of vocational education teachers through private sector placements and mentoring programs. To pay for these and other educational programs, Thompson proposed a 5% tax on interstate telephone calls and an 8-cents-a-pack increase in the state cigarette tax. The cigarette tax was proposed to take effect when a federal cigarette tax was set to expire in

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[60]These were enumerated in a memorandum prepared by the Illinois Chamber of Commerce for the Task Force on the Future of Education in Illinois, April 19, 1985 and in a presentation by Robert M. Beckwith of the Illinois Chamber of Commerce to the Senate Committee of the Whole on Education Reform on April 10, 1985.

[61]Informant Interview, 4-11-94.

[62]*Illinois Better Schools Program,* a program proposed by Governor James R. Thompson, February 27, 1985.

October, 1985. Thompson's proposed increases in education funding were linked to school improvement and accountability. They were significantly lower ($200 million) that what the state board proposed ($404 million) or what would have been needed to fund the resource cost model ($700 to $900 million).[63] Additionally, Thompson's funding plan allocated money to all schools whereas the resource cost model would have given significantly more money to poorer districts.

Thompson also supported a highly controversial school consolidation plan in exchange for support from the Taxpayer's Federation of Illinois (TFI) in the upcoming gubernatorial election.[64] School district consolidation was advocated by the Illinois Bureau of the Budget and Douglas Whitley of the TFI on grounds of economic efficiency. Whitley, president of the TFI, made support for additional funding for reform contingent on the passage of some type of consolidation legislation.[65]

Minnesota: Minnesota has a civic tradition of cooperative action between business elites, community groups and political leaders. Nonetheless, there were significant changes in these relationships in the late 1970s and early 1980s that facilitated the adoption of increased testing requirements and choice legislation. In 1977, the Minnesota Business Partnership (MBP) was created as a research and public policy advocacy association made up of chief executive officers from the largest Minnesota-

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[63]Chicago Tribune, 3-1-85.
[64]See Allan D. Walker, "Consolidation Reform in Illinois," in Joseph Murphy, ed., *The Educational Reform Movement of the 1980s.* Berkeley, CA.: McCutchan Publishing Corporation, 1990, p. 325-345 for an analysis of the inclusion of school district consolidation in the 1985 school reform bill.
[65]Ibid.

based corporations. Its mission was to exert pressure on the state legislature on issues important to business, with initial interests concerning tax, economic and environmental issues. Beginning in 1978-79, the MBP expanded its mission to more actively address tax and economic issues by confronting how the state government spent money. This was spurred by Minnesota's progressive tax system and was an effort to cut spending as a way to decrease taxes.

MBP influence on education policy was initially limited to monetary contributions for education projects and rubber stamping decisions of policymakers and school administrators. However, in the early 1980s, the MBP began to look more seriously at education issues. Initially, this reflected an interest in education as a state spending issue and was closely tied to their tax and economic objectives. As state spending for education increased throughout the 1970s, the MBP began to question how this money was spent. Additionally, anecdotal information about declining achievement scores, better school systems in other countries, and employee dissatisfaction with the schools began to surface and raise questions about the relation between increased funding and better school performance. According to one MBP member, "Politicians continued to say that if we want better schools, we need more money. However, *Risk* confirmed what we knew. When we began to look at state policy, we concluded that money was flowing through the system with no accountability."[66]

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[66]Informant Interview, 10-20-92.

In 1982, the MBP commissioned Berman Weiler Associates (B/W Associates) to conduct a study of Minnesota's K-12 public education system in order "to learn whether the public education system was delivering the quality education expected by Minnesotans."[67] This report, released in the spring of 1984, added impetus to the push for reform in Minnesota even though many of its findings confirmed the quality of Minnesota schools or were questioned by other research.[68] It was instrumental, however, in establishing the perception that student performance and education in general were declining.

> "There has been a slow but steady erosion, with danger signs accumulating for over twenty years: declining student test scores, sharply expanded remedial course work in postsecondary schools, growing employer dissatisfaction with the skills and work attitudes of new employees, and increasing percentages of young people feeling unchallenged and unfulfilled by their high school experience. The downward drift in Minnesota and United States education has been consistent and long term."[69]

The report included recommendations to raise standards, restructure the school system and increase student achievement testing.

This report was embraced by the MBP as it became a major proponent of statewide testing in Minnesota. Consistent with recommendations in this report, the MBP advocated testing every student and requiring individual school level comparisons.

> "The State of Minnesota should develop uniform, statewide tests that would be given to all students at the end of elementary school, grade six, and at the end of the 10th grade. These tests

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[67]B/W Associates, *The Minnesota Plan: The Design of a New Education System, Executive Summary*, November 1984, p. i.
[68]See Duren, Edward. Jr. & Thomas R. Peek. *The Berman Weiler Study of Minnesota Student Performance: A Critical Review*, Minneapolis: University of Minnesota, Center for Urban and Regional Affairs, September, 1984 for a critical review of the Berman Weiler Report on student performance.
[69]B/W Associates, *Executive Summary*, 1984, p. 1.

would measure students' mastery of the core subjects and would provide a means for the public to assess the effectiveness of teachers and administrators. . ."[70]

Responding to business pressure, the legislature included a provision in the 1984 Technology and Educational Improvement Act for the development of a statewide assessment program that required mandatory testing using state tests.[71] The use of state tests would provide a relatively convenient method of comparing achievement across districts, something the legislature had previously opposed. In the past, the legislature opposed statewide testing and publication of tests results because of a concern that such comparisons would hurt some districts, especially those with large numbers of disadvantaged students. Under the new law, however, districts were required to publicly report test results. The bill appropriated $1.9 million for the 1984-85 school year to local districts for test administration and for the Department of Education to develop a test bank and provide testing assistance.[72]

The sponsor, McEachern (DFL), claimed the impetus for the bill was general. "A lot of people are concerned about education and whether programs are meeting the needs of society. A lot of people are disappointed in the findings of the national reports - "A Nation at Risk," and so on. I want to get more people involved in the running of their schools so they have a sense of being a

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[70]Minnesota Business Partnership, Inc. *Educating Students for the 21st Century*, November 12, 1984.
[71]Laws of Minnesota, Chapter 463, Article 8, Section 123.742.
[72]Minneapolis Star Tribune, 2-28-84.

part of the organization."[73] Responding to continued pressure from the MBP, the legislature again amended this law in 1987.

The legislature also responded to pressure from the MBP for a basic skills curriculum by passing the Assurance of Mastery legislation in 1985 which required districts to develop competencies or minimum standards in communications and math for all regular education students. For students identified as falling below a district's minimum standards, the legislation mandates the development of an individual remediation plan. According to the Minnesota Department of Education, "The Assurance of Mastery legislation was passed during the 1985 legislative session in response to pressures from groups such as the Minnesota Business Partnership and others to assure the public that all students graduating from Minnesota Public Schools are able to communicate and compute effectively."[74]

The MBP report also provided the impetus for much of Governor Perpich's enrollment options program.[75] The Governor actively entered the education debate in 1985, and, recognizing the political saliency of education created by the publication of *Risk* and the MBP report, took steps to make education policy central to his legislative agenda. In a speech delivered to the Citizens League, Perpich outlined his vision for education reform. In this speech, he called on the state to "provide students with equal access to education of the highest quality," and outlined a plan

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[73]Ibid.
[74]Office of Assessment and Program Evaluation, Division of Instructional Effectiveness, Minnesota Department of Education, *Assurance of Mastery - A Status Report*, January, 1987.
[75]Informant Interview, 10-21-92.

based on accountability called "Access to Excellence." The core of Perpich's legislative proposal was the open enrollment plan,[76] the post-secondary options program,[77] funding for a Minnesota School for the Arts, and a plan to increase student assessment.

To advance his agenda, Perpich counted on his ties to business and Republicans in the legislature. For instance, 3-M board chairman Lewis Lehr accompanied Perpich around the state to promote the open enrollment plan.[78] An umbrella organization, the Brainpower Compact, was launched in 1985 to mobilize support for Perpich's reform program. This was a coalition of groups with close ties to the MBP and the Citizens League and included several policy entrepreneurs advocating choice and excellence reforms. In the House, Majority Leader Connie Levi (IR) authored the 1985 education bill after being approached by Perpich to carry his education program through the House. The House was controlled by the IR and there was limited support for his ideas from DFL members in both the House and Senate. Perpich recognized this, and that if he was to prevail, particularly in the IR controlled House, support from Republicans was crucial.

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[76]Open enrollment would allow 11th and 12th grade students to enroll in a district where the student was not a resident.

[77]The post-secondary enrollment options act allowed 11th and 12th graders to enroll in post secondary institutions. The 1982 "Levi Law" permitted school districts to enter into agreement with post secondary institutions to allow students to enroll in post secondary courses. The Levi Law, sponsored by Representative Connie Levi (IR) was largely ignored since it relied on district initiative to establish programs with post secondary institutions. The 1985 proposal made assess to post secondary institutions the prerogative of high school students and their parents, thus ending dependence on district initiative.

[78]Lehr was also Chair of the Minnesota Business Partnership Educational Quality Task Force.

The Democrats were divided in their support for the Governor's proposals. Senator Tom Nelson (DFL) authored the Senate bill, although he did not have the backing of his party's Senate leadership.[79] Ken Nelson (DFL) gave the critical vote to pass the bill out of the House Education Finance Committee despite opposition from education groups. On the other hand, McEachern (DFL and former Chair of the House Education Committee) opposed open enrollment because it would reach, in his opinion, so few students. He proposed some "common sense amendments" (McEachern) to the bill which were removed by the Republicans.

The high visibility of the open enrollment plan and the public contentiousness surrounding the debate contributed to the defeat, at least in 1985, of the open enrollment plan. In 1987, Perpich adopted a new strategy to pursue the passage of open enrollment. He formed the Governor's Discussion Group that brought together community, business and education groups as well as individual policy entrepreneurs.[80] This group developed a set of policy recommendations for the state that represented a consensus among its members. The Discussion Group was very effective in mitigating the contentiousness and differences between various interest factions that was so divisive in 1985.[81]

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[79]Nancy C. Roberts & Paula J. King, "The Process of Public Policy Innovation," in A.L. Van de Ven, H.L. Angle & M.S. Poule, eds. *Research on the Management of Innovation*. New York: Harper & Row, 1989, p. 321.

[80]Members included the major education organizations: MEA, MFT, MASSP, MESPA, MASA, MSBA; the Citizens League, Minnesota Business Partnership, Public Schools Incentives, Public Service Redesign, People for Better Schools, the Minnesota PTA, and various policy entrepreneurs, including Ted Kolderie, Joe Nathan and Verne Johnson.

[81]See Tim L. Mazzoni, "State Policy Making and Public School Choice in Minnesota, from Confrontation to Compromise," in *Peabody Journal of Education*, 1986, p. 45-67 for an analysis of the process the Governor's Discussion Group used to reach a consensus.

Consequently, there was little conflict in the legislature surrounding the enactment of the 1987 choice legislation.

The post-secondary enrollment plan, on the other hand, was enacted in 1985 under the leadership of Rep. Connie Levi (IR) and Senator Tom Nelson (DFL) and encountered little opposition. The Art School, another highly visible issue promoted by Governor Perpich, was controversial because it was viewed as elitist and as potentially harmful to local school art programs because it would enroll the best art students. Bob McEachern (DFL) opposed it because he felt general state aid to all schools needed to be increased and the cost of an Art School was an extravagance that benefited a few students. Again, the Democrats were divided on this issue, with support coming from Democrats on the Senate Education Aids Division and opposition from House Democrats. In the end, DFL members of the House supported the legislation in exchange for an increase the foundation aid formula.

IMPLICATIONS FOR INSTITUTIONAL ALIGNMENTS

What do these case studies tell us about institutional power at the end of the Reagan era? For one thing, as a result of these policy changes, these two states are much closer together in terms of institutional organization. These two states have very different political traditions and political cultures[82] and yet they are following the same trajectory in terms of education policy. A primary difference between the states in policy is one

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[82]See Daniel J. Elazar, *American Federalism: A View from the States.* New York: Thomas Y. Crowell, 1960, who defines Minnesota as having a "moralist" political culture and Illinois as having an "individualist' political culture.

of timing: Minnesota has retained its position as an "innovator" by being among the first states to adopt a particular reform while Illinois continues to follow policy waves as they are adopted elsewhere.

Second, there has been a realignment of interest, with business interests occupying a more dominant position and education groups, particularly teachers unions, on the defensive. In the 1960s and 1970s, there was an expansion of participants in education policymaking outside government that included diverse new pressure groups in addition to the traditional education coalitions of teachers, administrators, school boards, and parents. These new lobbies represented such interests as the poor, Blacks, Hispanics, the disadvantaged and the handicapped, and were instrumental in promoting compensatory education, bilingual education programs, and increased spending for the handicapped. State governments responded to these new pressure groups by passing legislation addressing their special interests. For example, during the 1970s, twenty-five states reformed their state aid formulas for education.[83] By the early 1980s, sixteen states had their own competency education program (compared to three in 1965), and twenty states administered bilingual education programs (none in 1965).[84]

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[83]Fuhrman et al., *State Education Politics: The Case of School Finance Reform.* Denver, Colo.: Education Finance Center, Education Commission of the States, December 1979.

[84]Jerome T. Murphy, "Progress and Problems: The Paradox of State Reform," in Ann Lieberman & Milbrey W. McLaughlin, *Policy Making in Education: Eighty-first Yearbook of the National Society for the Study of Education.* Chicago: The University of Chicago Press, 1982, p. 201.

By the early 1980s, however, this coalition began to fracture as the public and business became more resistive to the tax increases needed to support redistributive programs. At the same time, business began to take a more active role in education issues, first as a tax and spending issue, then as a policy issue. Traditional education groups were further marginalized in the policymaking process since they were considered supportive of the status quo, and minority groups were largely absent.

Third, in terms of governance and institutional forms, an interventionist, planning state designed for promoting the welfare of citizens is being tested by market-oriented ideas.[85] In both Illinois and Minnesota, redistributive solutions to education problems are being challenged by efficiency solutions. In Minnesota, this has led to the adoption of choice and Charter School legislation. In Illinois, this has meant a retrenchment from state fiscal responsibility for education. For example, Illinois has shifted much of the responsibility for funding schools to local districts. The state now provides about 35% of the revenues for local schools and ranks forty-fourth among all states in terms of spending for education. Additionally, the state legislature has delayed a solution to the funding crisis in Chicago, thereby constraining the ability of the Board to act by forcing the Board to focus exclusively on efficiency and downsizing.

To conclude, as education policymaking is increasingly carried out at the state government level, it is important to

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[85]James G. March & Johan P. Olsen, *Rediscovering Institutions: The Organizational Basis of Politics*. New York: The Free Press, 1989, p. 98.

understand the processes and alliances that have a bearing on the education agenda. The political arrangements at the state level are an integral part of the processes that govern the schools and shape school policy. Increasingly, how state government is organized will determine how we address problems as changing social demands and economic pressures continue to put pressure on our schools.

TABLE 1
Education, Public Welfare, and Health Expenditures as a Percent of Total State Expenditures, 1968-1988

ILLINOIS

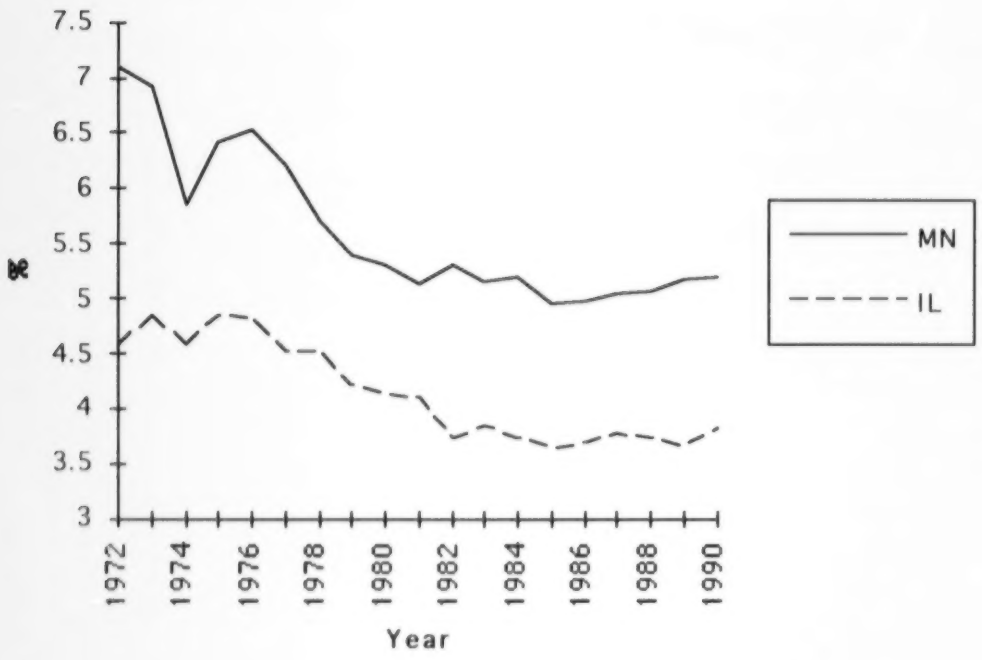
Year	Total Expend.	Education	%	Public Welfare	%	Health	%
1968	$2,588,990	$1,034,191	39.95	$452,322	17.47	$36,663	1.42
1970	3,800,201	1,564,302	41.16	687,344	18.09	49,431	1.30
1972	5,101,635	1,935,791	37.94	1,237,859	24.26	81,138	1.59
1974	6,079,399	2,394,461	39.39	1,563,879	25.72	100,599	1.65
1976	7,934,310	2,925,262	36.87	2,011,648	25.35	149,747	1.89
1978	8,758,496	3,377,959	38.57	2,171,116	24.79	167,033	1.91
1980	11,045,373	4,043,667	36.61	2,553,056	23.11	214,956	1.95
1982	12,030,951	4,412,716	36.68	3,142,803	26.12	301,721	2.51
1984	13,423,439	4,492,938	33.47	3,291,239	24.52	372,190	2.77
1986	16,108,070	5,524,244	34.29	3,656,149	22.69	505,168	3.14
1988	17,451,414	5,961,915	34.16	3,811,865	21.84	552,241	3.16

MINNESOTA

Year	Total Expend.	Education	%	Public Welfare	%	Health	%
1968	$1,302,077	$548,529	42.13	$128,999	9.91	$11,503	0.88
1970	1,668,532	676,232	40.53	175,418	10.51	11,973	0.72
1972	2,172,599	971,942	44.74	288,212	13.26	17,341	0.80
1974	2,630,426	1,163,801	44.24	350,954	13.34	31,141	1.18
1976	3,481,150	1,674,331	48.09	548,896	15.77	49,780	1.43
1978	4,212,285	1,830,832	43.46	719,326	17.08	42,964	1.02
1980	5,066,390	2,060,152	40.66	842,576	16.63	78,767	1.55
1982	6,385,245	2,784,446	43.61	1,175,282	18.41	88,150	1.38
1984	6,983,803	2,636,488	37.75	1,354,283	19.39	107,397	1.54
1986	7,858,162	2,909,487	37.03	1,511,523	19.24	135,927	1.73
1988	8,835,120	3,285,624	37.19	1,679,152	19.01	187,659	2.12

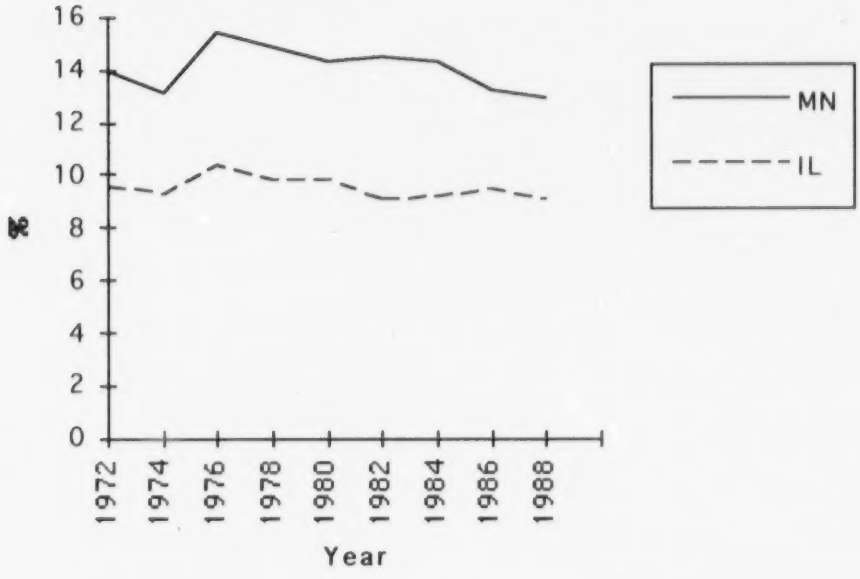
Source: The Council of State Governments, *The Book of the States,* vol. 18-29.
Note: Expenditures are in thousands of dollars. Calculations are my own.

FIGURE 1
Fiscal Effort for Education as Percent of Personal Income, Illinois and Minnesota, 1972-1990



Source: US Bureau of the Census, *US Statistical Abstract* and US Census of Government, *Government Finance*. Calculations are my own.

FIGURE 2
Fiscal Effort for Total State Expenditures as Percent of Personal Income, Illinois and Minnesota 1972-1988



Source: US Bureau of the Census, *US Statistical Abstract* and The Council of State Governments, *The Book of the States*. Calculations are my own.